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SERVICE DATE – MARCH 17, 2017

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21075¹

CAVALLO BUS LINES, LLC—ACQUISITION OF CONTROL OF ASSETS—WHITE
KNIGHT LIMOUSINE, INC.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving and Authorizing Finance Transaction.

SUMMARY: On March 8, 2017, Cavallo Bus Lines (Cavallo) and White Knight Limousine, Inc. (White Knight) (collectively, Applicants) filed an application under 49 U.S.C. § 14303 for Cavallo to purchase certain assets (including motorcoaches and contracts) of White Knight used to provide certain motor carrier services. The Board is tentatively approving and authorizing the transaction, and, if no opposing comments are timely filed, this notice will be the final Board action. Persons wishing to oppose the application must follow the rules at 49 C.F.R. §§ 1182.5 and 1182.8.

DATES: Comments must be filed by May 8, 2017. Applicants may file a reply by May 22, 2017. If no comments are filed by May 8, 2017, this notice shall be effective on May 9, 2017.

ADDRESSES: Send an original and 10 copies of any comments referring to Docket No. MCF 21075 to: Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, send one copy of comments to Cavallo's representative: David H. Coburn, Steptoe & Johnson, LLP, 1330 Connecticut Ave., N.W., Washington, DC 20036.

FOR FURTHER INFORMATION CONTACT: Jonathon Binet (202) 245-0368. Federal Information Relay Service (FIRS) for the hearing impaired: 1-800-877-8339.

SUPPLEMENTARY INFORMATION: Applicants assert the following facts. Cavallo, a Delaware limited liability company, is wholly owned by BCPL, LLC, a non-carrier holding company, and is not affiliated with any other companies. Cavallo provides contract and charter service from terminals in Gillespie, Ill.; Indianapolis, Ind.; and Springfield, Mo. (MC-101883). It primarily operates in the Midwest, but offers charter service nationwide. Cavallo currently operates approximately 110 motorcoaches; its contract customers include public and private

¹ Concurrently with their application, the parties also filed, in Docket MCF 21075 TA, a request under 49 U.S.C. § 14303(i) to operate the assets to be acquired on an interim basis pending approval of the acquisition. In a decision served on March 17, 2017 in related Docket No. MCF 21075 TA, interim approval was granted, effective on the service date of that decision.

universities and colleges. It also provides airport transfer service in several Midwest cities. White Knight is a Missouri corporation with no affiliates. It provides motorcoach charter and contract services as well as limousine and car services primarily out of Columbia, Mo., and occasionally out of Springfield, Mo. (MC-289901). It currently operates approximately 37 passenger motor vehicles (19 motorcoaches and 18 cars and limousines). White Knight's contract customers include university athletic departments and a minor league baseball team.

Applicants state that, under the proposed transaction, Cavallo will purchase motorcoaches and contracts associated with White Knight's contract and charter service in Missouri and Kansas. White Knight will sign a non-compete agreement prohibiting it from operating competing service for an agreed period of time and will provide Cavallo a right of first refusal in the event that White Knight decides to sell its other transportation operations.

Under 49 U.S.C. § 14303(b), the Board must approve and authorize a transaction that it finds consistent with the public interest, taking into consideration at least: (1) the effect of the proposed transaction on the adequacy of transportation to the public; (2) the total fixed charges that result from the proposed transaction; and (3) the interest of carrier employees affected by the proposed transaction. Applicants submitted information, as required by 49 C.F.R. § 1182.2, including information to demonstrate that the proposed transaction is consistent with the public interest under 49 U.S.C. § 14303(b), and a statement that the aggregate gross operating revenues of Cavallo and White Knight exceeded \$2 million for the preceding 12-month period under 49 U.S.C. § 14303(g).²

Applicants submit that the proposed transaction will not have an adverse impact on the adequacy of transportation services available to the public. Applicants state that Cavallo, a significantly larger carrier than White Knight, has access to increased capital resources, increased interest cost savings, and reduced operating costs resulting from Cavallo's enhanced volume purchasing power. According to Applicants, the centralization of administrative functions and Cavallo's ability to achieve volume discounts will result in cost savings. Applicants also assert that the transaction will have no adverse impact on competition because at least five other motor passenger carriers operate in the same areas of Kansas and Missouri. Further, Applicants state the transaction will not have a materially adverse impact on employees as "Cavallo intends to offer employment to the small number of employees currently providing the White Knight services at issue, provided that such employees meet certain minimum standards."

On the basis of the application, the Board finds that the proposed acquisition is consistent with the public interest and should be tentatively approved and authorized. If any opposing comments are timely filed, these findings will be deemed vacated, and, unless a final decision

² Applicants with gross operating revenues exceeding \$2 million are required to meet the requirements of 49 C.F.R. § 1182.2(a)(5).

can be made on the record as developed, a procedural schedule will be adopted to reconsider the application. See 49 C.F.R. § 1182.6(c). If no opposing comments are filed by the expiration of the comment period, this notice will take effect automatically and will be the final Board action.

This action is categorically excluded from environmental review under 49 C.F.R. § 1105.6(c).

Board decisions and notices are available on our website at WWW.STB.GOV.

It is ordered:

1. The proposed transaction is approved and authorized, subject to the filing of opposing comments.
2. If opposing comments are timely filed, the findings made in this notice will be deemed as having been vacated.
3. Notice of this decision will be published in the Federal Register.
4. This notice will be effective May 9, 2017, unless opposing comments are filed by May 8, 2017.
5. A copy of this notice will be served on: (1) the U.S. Department of Transportation, Federal Motor Carrier Safety Administration, 1200 New Jersey Avenue, S.E., Washington, DC 20590; (2) the U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530; and (3) the U.S. Department of Transportation, Office of the General Counsel, 1200 New Jersey Avenue, S.E., Washington, DC 20590.

Decided: March 16, 2017.

By the Board, Board Members Begeman, Elliott, and Miller.